

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF ATMOS ENERGY)	
CORPORATION FOR AN ORDER)	
AUTHORIZING THE IMPLEMENTATION)	CASE NO. 2006-00425
OF A \$600,000,000 FIVE-YEAR REVOLVING)	
CREDIT FACILITY)	

O R D E R

On September 27, 2006, Atmos Energy Corporation (“Atmos”) submitted its request for an order authorizing the implementation of a 5-year \$600,000,000 revolving credit facility. On October 6, 2006, Atmos filed additional information that completed and clarified its original application.

Atmos plans to use the proceeds to replace the 3-year term \$600 million revolving credit facility approved in Case No. 2005-00287.¹ The credit facility will be used primarily to fund Atmos’s day-to-day acquisition of natural gas. In addition and depending on market conditions, a small portion of the proceeds from the credit facility may be used for general corporate purposes.

Atmos will obtain the credit facility through a syndicate of commercial banks and other financial institutions. The interest rate on any direct borrowings will be a floating rate, set at a spread over either the then prevailing London Interbank Offered Rate (“LIBOR”) or an alternate floating rate such as the Prime Rate or the Federal Funds Rate. Any spread will be determined by Atmos’s then prevailing senior unsecured credit

¹ Case No. 2005-00287, Application of Atmos Energy Corporation, for an Order Authorizing the Implementation of a \$600 Million Three-Year Revolving Credit Facility.

rates. Atmos anticipates that the maximum spread over LIBOR would be 1.5 percent per year. Atmos would also pay a fee on any unused availability under the credit facility, based on the then prevailing senior unsecured credit rate. Atmos anticipates the maximum unused fee would be .5 percent per year. Finally, Atmos would pay an annual fee to the administrative agent and a one-time arrangement fee at closing to the banks involved in the credit facility.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that the proposed implementation of a \$600 million 5-year revolving credit facility as set out in Atmos's application should be approved. The Commission also finds that the proposed financing is for lawful objects within the corporate purposes of Atmos's utility operations, is necessary and appropriate for and consistent with the proper performance of its service to the public, will not impair its ability to perform that service, is reasonably necessary and appropriate for such purposes, and should therefore be approved.

IT IS THEREFORE ORDERED that:

1. Atmos is authorized to implement a 5-year revolving credit facility for an amount not to exceed \$600,000,000, as set forth in its application.
2. The proceeds from the transactions authorized herein shall be used only for the lawful purposes set out in the application.
3. Atmos shall agree only to such terms and prices that are consistent with this Order.

4. Atmos shall, within 30 days from the date of closing, file with this Commission a statement setting forth the date or dates of implementation of the credit facility authorized herein, the interest rate, and all fees and expenses.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 1st day of December, 2006.

By the Commission

ATTEST:


Executive Director